

ENHANCING STRATEGIC COMPETITIVENESS IN PRIVATE HIGHER EDUCATION SYSTEM: A SYSTEMATIC APPROACH OF INTEGRATIVE INNOVATIVE BUSINESS MODEL

JAMES YU-SHAN LIU¹ & XIAO-JEN YANG²

¹Vice President, Ta-Hwa University of Science and Technology, Hsin-Chu, Taiwan

²Director, International Liaison Office, Zhejiang Industry and Trade Polytechnic, Taiwan

ABSTRACT

Higher education system around Asian region and in other developed economies has encountered strong competition due to ICT and trend of globalization, strategic roles of modern private as well as public university leaders are thus becoming ever demanding and challenging. Global education leaders all around the world are; however, usually tied up with daily, busy schedules. It is almost self-evident that they should come out from all these trivial items and only focus on three key things related with competitiveness of higher education institutes: Strategic thinking and decision-making, reinventing branding position and quality in long-term sustainability of core service of education business. Still leaders are in urgent need of a strategic tool and analytical approach to help them to secure their business and their own leading position.

In this paper, we will first identify those challenges facing modern leaders of higher education and propose an ideal type of Integrative Innovative Business model. It is highly advised that business leaders should use this business model to align their business so that global competitiveness could be attained. The five essential parts of this model include: Creativity, Catch, Cash, Commitment and Culture. The culture factor is most important and it integrates all other four factors together and let them work to deliver the irreplaceable value to customers. We also use several famous business cases to show how their brand value and business position are strengthened in the context of 5C Innovative business model. Cases of deviances from this model are also analyzed and their remedial actions suggested.

KEYWORDS: Higher Education Competitiveness, Strategic Agenda, Integrative Innovative Business Model

INTRODUCTION

As higher education system enters into the hyper competition in the wake of globalization, strategic roles of modern private as well as public university leaders are becoming ever demanding and diversified.

It is thus important to strike a subtle balance between daily routines, such as meeting, visiting, and addressing different audiences, and strategic agenda which involves deliberate thinking, long-term planning, and critical decision-making on such matters as educational development policy, university governance mechanism, and resources allocation on research and facility planning. Mintzberg [1] has long mentioned functions of general managers, irrespective of their ranking and position, are characteristic of brevity, plurality, and fragmentation, it is therefore of paramount importance that leaders of higher education system should focus on the following three issues: strategic planning, branding position of university, and quality of core education business.

Mission of Higher Education

Though mission of higher education lies in providing service to a community beyond those value and contribution purely in economic terms (Carlson, 2013) [2], it is undeniable that people, like education economist, educational policy administrators, and parents, are getting more and more concerned with the fundamental question of what is higher education for? They want money is worthy of the tuition paid by families, especially for those parents who could hardly afford it. Authority of education is also concerned with the return of funds granted by government on supporting private as well as public institutes. To answer this question and to keep university surviving through the down-sizing population of youth eligible for higher education (usually the age group of 18-25), leaders in university campus should work out with a strategic agenda renovating the current governance structure and management system in higher education.

Market-Oriented Strategic Thinking

Just like maintaining a unique branding position in a mature market, university today should provide the knowledge-intensive service in a more efficient way. The CPR (Cost-to-Performance Ratio) so often emphasized in a free market system may give some clue to such an issue. Young people spend four or more years for a university degree, and spend quite a big opportunity cost of time and money, they are of course entitled to ask "how should I repay myself in the future?". If university could not address this question properly, young people would rather resort to on-line learning or just drop from any further study.

Strategic Agenda in Higher Education System

Strategic Planning

In this paper, strategic planning in higher education system is defined as the planning process related with sustainable development and survival of the university [3]. In universities, an advisory committee (sometimes called council or senate in British tertiary education system) for setting up a long-term planning process and steering the course of education system is indispensable and sometimes mandatory by law. The committee would often commission a medium to long-term planning of three to five years, for the following main contents including, but not limited to: Mission statement, Academic and research targets, Recruiting strategy, Structure of college and faculty, Course design, Allocation of Teaching and campus IT resources. Most important of all, the planning process should be both strategic and comprehensive.

As pointed out by Schubert et.al (2011) [4], it is not so much the duty of presidents of universities, private as well as public, to search and follow the so-called ideal model of modern university as to find out the most suitable and unique of running their own university. Also higher education, as it being the most important sources for advanced and elite human resources of any countries, is often under strong institutional influences from governments and other funding sponsors. So strategic planning process in university campus is not totally like business planning in the free market system. Saying this, strategic planning is still getting more and more important in building competitiveness for modern higher education system.

Branding Position

New CEO of famous Burberry Ms. Angela Ahrendts has pulled this century-old British Brand from haywire of continuous loss and weakened brand equity [5]. She is simply focusing on branding position by centralizing design and reinventing merchandising so that the brand reminding simplicity and elegance which is its core value. Likewise, many

prestigious education and universities around the world are reinventing themselves by providing their customers (students) value for money. They are especially concerned with three challenges: globalization, mass production of Higher education and the MOOCs.

Quality of Core Business: Education Value

For generations, executives of Sweden DIY Giant IKEA have committed to the business principle put forwarded by its founder, Mr. Ingvar Kamprad; that is providing affordable and quality home furnishings for newly-built homes. So IKEA concerns with only two things which are their core value: cost and quality of living conditions and equipment [6].

Integrative Innovative Model

In the above discussion, we have found out three strategic issues related with competitiveness of higher education system. Now we will address the question of how should we diagnosis the sustainable competitiveness of universities. We will employ the business model used in corporate strategy to finish the job.

The Key Components of Innovative Model

The key components of 5C Business Model could be shown as in the Table 1(below).For better understanding of this business model, we reconstruct the conceptual variables in the diagram as shown in Fig1.

Table 1: 5 C Integrative Innovative Business Model

| Code | Conceptual Variable | Working Definition | Explanatory Indicators |
|------|---------------------|--|--|
| C1 | Culture | Core value system and mission statement of business | Social reputation Employee turn-over |
| C2 | Creativity | The degree by which corporate delivers its value-added package to target customers | Relative weight of corporate revenue contributed by new brand/product New patents/venture |
| C3 | Catch | The extent to which business touches its target customers | Relative market strength Relative market growth |
| C4 | Cash | The extent to which business adds to its net cash-flow | ROI Increase in net cash-flow |
| C5 | Commitment | The extent to which business dedicates its resources to sustainable growth | R& D intensity % of stuff focusing long-term development and performance |

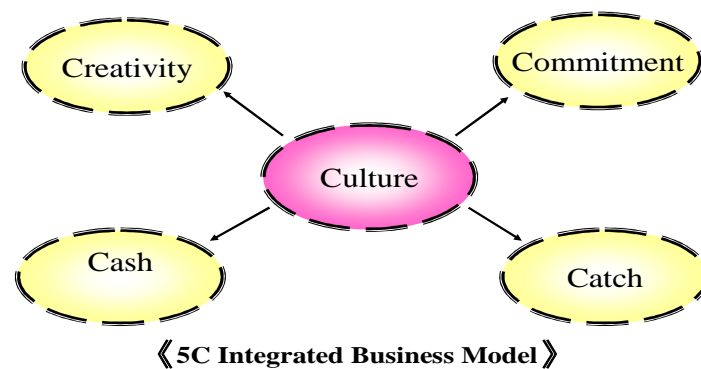


Figure 1: Dynamic Interaction of 5 C Integrative Innovative Business Model

Internal Logic of Innovative Model

It is self-evident from Fig.1 that our integrative model incorporating five key elements highly related with successful implementation of creative business model. They are Culture (coded as C1), Creativity (coded as C2), Catch (coded as C3), Cash (coded as C4), and Commitment (coded as C5) [7]. These five elements resemble traditional 4 P in marketing, however, it must be emphasized that the selection of these 5 is rather straight and arbitrary. First Creativity brings new and catch the eyes of market, if the supply chain and demand chain are both well managed, then profit and cash could be brought in. Later, newly-added resources could commit the business to more and more innovative operations thus bring new edition of creativity. Here culture plays a pivotal position in making this model internalized as an integral part of business. So 5C business model carries on.

Equation Expression of Value-Creating Function of Higher Education

We could further explore the nature of 5C business model by introducing Equation (1) as shown below.

$$(\text{Core value of Education}) = F [(C1 * (C2, C3, C4, C5))] \quad (1)$$

An Simple Illustrative Analysis of Multiple-Case Comparison

In the following Table, we have provided an illustration. We ask faculty members of three universities to self-evaluate their respective scoring in each of the five components, with scale 5 meaning very good, to 1 meaning very bad. We then use average to get a simple score for the 5 measurements in each university. The results are shown in the Table-2.

Table 2: Estimation of Core Competitiveness Value

| | C1* | C2, | C3 | C4 | C5 | Core Value(4) |
|-----------------|-----|-----|----|----|----|---------------|
| T-University(1) | 2 | 3 | 2 | 1 | 2 | 4 |
| S-University(2) | 4 | 4 | 4 | 3 | 4 | 15 |
| Z-University(3) | 3 | 2 | 4 | 2 | 2 | 5.5 |

Note

- T-University, a private technology university in Taiwan, 47-years, students of 5000, currently troubled by loss of

registered students and short of funding capital.

- S-University, a private family-owned university in Japan, specializing in health care and design education, 23-years old with 3000 students, of which 10% are overseas students from Asia.
- Z-University. a three-year program public polytechnic in China, 40-years, 9000students,famous for design and mechanical skill training.
- The core value is computed with a rather arbitrary method, and the main purpose is to show the pivotal role of culture in this model.

It is evident from Table 2 that the core competitiveness value could be augmented by the factor value of C1 (Culture), as shown by the contrast of S-University and the rest two universities. We then may use this analytical framework to diagnosis how Culture factor of university could be boosted by the three strategic issues mentioned above: Strategic planning, strengthening of branding position, and quality of education value.

CONCLUSIONS

In this section, two key conclusions are mentioned and relevant suggestions made.

It is Right Time to Renovate our Higher Education System

In the case of Taiwan, our university has faced unprecedented challenges such as Over-university (currently there are over 160 universities in Taiwan, considering its 18-25 years population are less than 3m), higher than usual unemployment rate among degree-holders (5-7% compared to average of 3-4%) due to mismatch between university training and competency requirements in industries. For private university, technical as well as general university, it faces even tougher challenges as the smaller sources of students has worsen the financial burden. Nowadays it is not uncommon to read news about closures of private university, and jobless professors striving to find new employments. Thus it is more than urgent that university should renovate itself and builds-up competitiveness.

Monitor Key Performance Index (KPI) for Competiveness of University

The KPI should include the following important items:

Quality of Human resources in in university, including, leadership, teaching, research and learning.

Quality of input and amenity of campus and its facilities: a successful university should especially envision a learning-centered campus and provide students and faculty with efficient and reliable facilities.

Quality of output, including competitiveness of graduated students, cooperative projects of academia and industry.

Quality of continuous improvement: University should renovate itself constantly and maintain the continuous improvement. Usually this includes Quality management of CIPP: Context, input, process and Performance.

Quality of brand: the quality of university lies in constantly and persistently pursuing of teaching excellence.

REFERENCES

1. Henry Mintzberg, Managerial Work: Analysis from Observation, Management Science 1971 18: B-97-B-110.
2. Carlson , Scott “How to Assess the Real Payoff of a College Degree”, Chronicle of Higher Education, Blog April 22, 2013
3. Kenichi Ohmai, Mind of the Strategist, 1999.
4. Schubert et.al, “Is There a European University Model? New evidences on National path dependence and structural convergence” Proceedings,EUMIDA-project,2013
5. Daniel Kaheman, Thinking Fast and Slow,2013.
6. Angela Ahrendts , Burberry's CEO on Turning an Aging British Icon into a Global Luxury Brand, Harvard Business Review, Jan-Mar, 2013.
7. Wiki, IKEA.

APPENDICES



Figure 3: Steve Brodner for the Chronicle

Enlarge Image



Figure 4: Steve Brodner for the Chronicle